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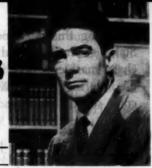
Dan Smoot Report

ests - the Kettleman Hills-

(Broadcast 305)

June 5, 1961

Dallas, Texas



DAN SMOOT

WE HAVE BEEN WRISTONIZED

On May 15, 1961, Julius C. Holmes was sworn in as United States Ambassador to Iran; and thereby hangs an incredible tale. Here are the highlights from Holmes' official State Department biography, as set out in a Department press release on May 15:

Born at Pleasanton, Kansas, on April 24, 1899, Holmes attended the University of Kansas and then entered the insurance business. He was appointed a foreign service officer in 1925 and served in various foreign posts until 1934, when he was brought back to Washington and made Assistant Chief of the Division of Protocol and International Conferences.

Holmes resigned from the Foreign Service in 1937 and became vice president of the New York World's Fair. He served about one year (1941-1942) as President of General Mills in Brazil.

From September, 1942, until the end of 1944, Holmes served as an executive officer under Eisenhower in Europe (rising from rank of Major to Brigadier General).

In January, 1945, Mr. Holmes was appointed Assistant Secretary of State. He resigned seven months later, and, for almost three years was out of government service. He returned to the foreign service in 1948, and since that time has had several important State Department jobs, in Washington and in various foreign countries.

The State Department press release about Ambassador Holmes left out important facts about what he did in that 3-year interim (1945-1948) when he was out of government service.

From January, 1946, to August, 1948, Mr. Holmes was closely associated in various private business firms and ventures with Edward Stettinius (former chairman of U. S. Steel Corporation and former Secretary of State); with E. Stanley Klein, a New York businessman and financial advisor to Stettinius; and with Joseph E. Casey, a former U. S. Congressman from Massachusetts, who was an attorney and legal adviser for Mr. Stettinius.

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During this early postwar period, the United States government had approximately 4700 merchant marine vessels which had been built and used during World War II, and which had become surplus at the end of the war. Among those surplus vessels were 390 oil tankers.

A law of Congress prohibited the government from selling the surplus vessels to foreign-owned or foreign-controlled companies, and prohibited any American company from purchasing any of the vessels to re-sell them to foreign owned or controlled companies, unless the Maritime Commission specifically approved the re-sale, prior to the original sale by the government to the American firm. The purpose of the law was to guarantee that oil tankers (vital in times of war) would remain under the control of the United States government.

Julius Holmes conceived the idea of making a quick, large profit by buying and selling some of the surplus tankers. He persuaded Edward Stettinius to arrange financing and participate.

On August 27, 1947, Holmes, E. Stanley Klein, Joseph E. Casey, and some of Stettinius' other associates formed the American Overseas Tanker Corporation and applied for the purchase of 20 surplus tankers.

The legal and technical maneuvering which followed is complex and shady. The story is set out in a report filed by the Hoey subcommittee on May 29, 1952 (a special subcommittee of the Senate which investigated the Holmes-Casey-Klein tanker deals, under the chairmanship of the late Senator Clyde R. Hoey); in the report on Hearings on the Nomination of Julius C. Holmes, held before the Senate Committee on Foreign Relations in April, 1961; and in the Congressional Record transcripts of Senate debates on the nomination of Holmes, on April 27, May 3, and May 8, 1961.

n brief, the story is this:

Holmes and his associates managed to buy eight oil tankers from the U. S. government and re-sell all of them to foreign interests, in violation of the intent of the law and of the surplusdisposal program. Arrangements to sell the tankers to foreign interests were made before the Holmes-Casey group ever bought them. One of the eight tankers which the Holmes-Casey group turned over to foreign interests — the Kettleman Hills — was leased to the Soviet Union and used to haul fuel oil from communist Romania to the Chinese reds during the Korean war.

Before he returned to foreign service with the State Department in September, 1948, Holmes had resigned his official position in the various companies that had been organized to perform the intricate tanker transactions; but he still owned stock which he did not sell until 1950.

On the deals which he engineered between August, 1947, and August, 1948 (and on the 1950 sale of stocks which were the fruit of those deals), Holmes made for himself an estimated profit of about one million dollars, with practically no investment of his own money, and at no financial risk.

The Hoey subcommittee, which, in 1952, investigated this affair, unanimously condemned the Holmes-Casey-Klein tanker deals as "morally wrong and clearly in violation of the intent of the law," and as a "highly improper, if not actually illegal, get-rich-quick" operation which was clearly detrimental to the interests of the United States.

By the time the Hoey subcommittee made its report, however (May 29, 1952), the Statute of Limitations had run on the deal involving three of the tankers which Holmes' group had obtained and turned over to foreign interests. This means that the crime, or violation of law, if any, had occurred so long ago that the perpetrators could not be prosecuted for it.

On deals involving the other five oil tankers, the Statute of Limitations had not run. The Hoey subcommittee gave its information to the Department of Justice. A federal grand jury made an investigation in 1953 and 1954, and on Feb-

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mary 23, 1954, returned criminal indictments against Julius C. Holmes and ten other individuals, and returned indictments against four corporations involved in the tanker deals.

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On November 18, 1954, the Department of Justice asked for a dismissal of the indictment against Julius Holmes. The Department's reasons were set out in a legal memorandum which said:

"The indictment in this case originally charged eleven individuals and four corporations with conspiracy to violate the provisions of the Shipping Act and substantive violations of that Act.

"On May 18, 1954, the four corporate defendants entered pleas of guilty before Judge Laws. Following imposition of sentence, the Court dismissed the indictment as to eight individuals upon the government's motion. Three individuals remained to be tried, namely, Joseph E. Casey, E. Stanley Klein, and Julius C. Holmes.

"The trial of the case was set for October 11, 1954.... On September 9, 1954, Judge Young-dahl granted a motion to dismiss the indictment against the defendant Joseph E. Casey, on the ground that his testimony before the grand jury in another case gave him statutory immunity from prosecution

"We did not deem it advisable to try the case (against Holmes and Klein) without the presence of the defendant Casey.... So the government now considers itself bound to honor the commitment made.... to the defendants Holmes and Klein to dismiss as to them, in the event Judge Youngdahl's decision as to Casey was affirmed....

"The government considers it both impractical and unfair to proceed against Holmes and Klein when Casey was the principal actor in these transactions and has secured immunity."

So, Holmes, on an involved technicality of law, went free and was never prosecuted.

In the face of all this—which was widely publicized—President Eisenhower a few weeks later (in 1955) nominated Julius C. Holmes to be our Ambassador to Iran.

Enough United States Senators in 1955 expressed a decent sense of outrage about the nomination of such a man as Holmes for such a post as Ambassador to Iran, that Holmes 'permitted' his name to be withdrawn, before the Senate acted on the question of confirming his appointment.

The State Department promptly sent Holmes to Tangier with the rank of Minister; brought him back to Washington in 1956 as a Special Assistant to the Secretary of State; and sent him out as Minister and Counsul General in Hong Kong and Macau in 1959 — probably the most important job in the foreign service, below the rank of ambassador.

And then, in 1961, Kennedy nominated Julius C. Holmes for the same job Eisenhower had tried to give him in 1955 — Ambassador to Iran!

After considerable debate — during which the whole history of Julius C. Holmes was thoroughly exposed — the Senate, on May 8, 1961, confirmed Holmes' nomination, 75 to 21, with 4 Senators taking no stand. The actual vote was 63 to 17; but 12 Senators who did not actually vote went on record as approving the Holmes nomination; 4 who did not vote went on record as opposed. The roll-call is set out at the end of this *Report*.

Senate debates on the confirmation of Holmes as Ambassador to Iran are printed in the Congressional Record: pp. 6385-86, April 27, 1961; pp. 6668-6669, May 3, 1961; and pp. 6982-6995, May 8, 1961.

Senator John J. Williams (Republican, Delaware) and Senator Frank J. Lausche (Democrat, Ohio) led the fight against Holmes' nomination.

Senator Williams said:

"Much has been said in recent months, by both congressional committees and the Attorney General of the United States, about the need for higher morals and greater integrity in private industry.

"Yet, by confirming the nomination of Mr. Holmes as Ambassador to Iran, the Senate will be placing a cloak of respectability upon 'shady deals' maneuvered for the purpose of making 'a fast buck' when such shady deals involve govern-

ment officials.

"Are we to establish a lower standard of morals for government service than is required of private industry?

"Can either the Congress or the Department of Justice point the finger of scorn at questionable business practices while closing our eyes to 'slick deals' involving government officials?

"Today (April 27) . . . we (the Senate) received from the President of the United States an excellent message recommending certain needed legislation to deal with the conflict-of-interest problem. At the same time, the President emphasizes to Congress and to all government officials, the importance of establishing high moral standards in Government President Kennedy said . . . (that) 'high ethical standards can be maintained only if the leaders of government provide a personal example of dedication to the public service and exercise their leadership to develop in all government employees an increasing sensitivity to the ethical and moral conditions imposed by public service ' (and that the) conduct (of all government officials) 'must be above reproach.'

"I know of no stronger statement which could be made against the confirmation of Mr. Holmes. Certainly his conduct was not above reproach."

"I think it is most regrettable that we would even be thinking of sending as our Ambassador to Iran a man in whom there is an element of doubt as to his integrity"

Senator Lausche said:

"I cannot justify our passing a bill a month ago authorizing the spending of 100 million dollars, or whatever the amount was, in order to fight juvenile delinquency, and then approving this transaction (Holmes-Casey tanker deal) as being morally sound.

"To me, it makes no difference whether or not the participants were within the technical and legal provisions of the law. The scheming makes the moral improprieties worse

"I have never looked with sympathy upon scheming to get around the law. I think it is morally base. In this transaction, those who participated (Holmes, et al) may have circumvented the law. But morally, what was done was wrong."

Although Holmes' sponsor in the Senate was a Democrat (Mike Mansfield, Majority Leader), Republicans led the fight for Holmes' confirmation. Senate arguments in favor of Holmes reveal not only the low level of morality in the United States Senate today, but also the low level of intelligence.

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For example, Senator Prescott Bush (Republican, Connecticut) who fought hard for Holmes' approval, admitted that Holmes' tanker deals were improper and ill-advised, but argued that Holmes was an innocent victim of sharp operators! An 'innocent' victim makes a million dollars in one year by being victimized! He has never offered to make restitution to the government. Moreover, when questioned by Senator John J. Williams, and Senator Frank Lausche, in April, 1961, Holmes said he still sees nothing wrong with what he did and admits he would do it again if he had the opportunity — and felt that no congressional committee would ever investigate!

All Senators, who supported Holmes in debate, hammered the point that, although Holmes may have done something shady and unsavory during that three-year period in the late 1940's when he was out of government service, there was no evidence that he had ever misbehaved while he was in government service!

This amoral attitude seems to imply that a known chicken thief can not be considered a threat to turkey growers, unless he has actually been caught stealing turkeys!

The most astonishing advocate of this particular amoral attitude in the Senate was Senator Francis Case (Republican, South Dakota) who supported Holmes. It was this Senator Case who, in 1955, made an elaborate, widely publicized (and politically rewarding) grandstand play of spotless purity by revealing that an "oil lobbyist" had offered him a \$2500 campaign contribution, which may have been contingent on Senator Case's voting for a proposed amendment to the Natural Gas Act (an amendment which was badly needed).

Senator Prescott Bush made some revealing marks during his argument for the confirmation of Holmes. Senator Bush said:

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"I believe that one of the most telling witnesses with whom I have ever talked regarding Mr. Holmes is Mr. Henry Wriston, formerly president of Brown University, now chairman of the Council on Foreign Relations, in New York, and chairman of the American Assembly. Mr. Wriston not only holds these distinguished offices, but he has also made a special study of the state Department and the career service in the state Department.

"He is credited with having 'Wristonized' the foreign Service of the United States. He told me if we years ago . . . (that) 'Julius Holmes is the ablest man in the Foreign Service Corps of the United States.'"

Well-informed Americans who are familiar with Henry Wriston's pro-socialist, anti-anticommunist stand on every major issue; who know about the profoundly disastrous, controlling infuence which the Council on Foreign Relations (through its interlocking connection with the Foreign Policy Association) has had on American foreign policy; and who know about the same pro-socialist, anti-anti-communist record of the whole American Assembly group - will recognize in Senator Bush's remarks about Wriston and Holmes the real reason why Holmes was nominated for an important ambassadorship by two Presidents and finally confirmed by the Senate: Holmes is the darling of the leftwing internationalist crowd that is determined to drag America into a socialist one-world system, where it will be under the heel of the Kremlin.

One significant thing about the Holmes case was the silence of the American press. Has the moral fiber of America so rotted away that the American people no longer have a decent sense of outrage about chicanery in high places? Or, has liberalism imposed such censorship on our means of communication that 'only the news that fits' is publicized?

I do not think the moral fiber of America has rotted away.

Withal, however, we can at least be grateful for Senator Prescott Bush's particular part in the Holmes case: Senator Bush has revealed why the State Department is consistently wrong in everything it does; why America remains perpetually on the run, in defeat and disgrace, in the worldwide 'cold war' with the Soviets: the State Department has been Wristonized.

But why Iran? Why were our internationalists determined to send Julius Holmes to Iran? Americans had better pay close attention to events in Iran in the months and years ahead.

* * * * *

Discrimination?

recently received a letter from Frank L. Davis, Eugene, Oregon. Mr. Davis said:

"The other day I came across an interesting item on page 17 of Circular E-Employer's Tax Guide (Treasury Dept., I.R.S., Publication No. 15, Rev. Jan. 1960):

"'Communist organizations: Service for an organization registered or finally ordered to register under Internal Security Act of 1950 as a Communist-action, front, or infiltrated organization... is exempt from social security taxes.'

"No one dislikes paying social security taxes more than I do, but I cannot find a similar provision in this Guide covering conservative organization employers.

"My first thought was that this provision was made so the American people would not have to support old commies on the social security dole, but a quick second thought destroyed this notion when I remembered the vast amount of tax dollars we have given to Yugoslavia, Poland, et al.

"Seems like the only way we can rid ourselves of the social security tax is for all of us to get a job with a communist or communist-front or communist-infiltrated organization so we won't have to pony up. I believe I'll close for now so I can get a job application letter off to the State Department before all the good jobs are gone."

On May 3, 1961, a Scripps-Howard syndicated column, datelined in Pittsburgh, reported that the federal government had auctioned off three horses belonging to Valentine Y. Byler, an Amish farmer who refused to pay social security taxes.

The Internal Revenue Service (which is responsible for collecting social security taxes) estimates that there are more than 250 other Amish families in the Pittsburgh area who are refusing to pay the tax.

The Amish are an off-shoot of the Mennonites, the so-called "plain people," who came to America in the late 1600's to escape religious persecution. They feel that it is their responsibility, under God, to look after themselves and their own. They are a sturdy, self-reliant people who refuse to accept social security or any other kind of government benefit; they refuse to send their children to compulsory tax-supported schools where other citizens are forced to help pay the cost; and they refuse to take handouts in the government's various farm programs.

The Amish educate their children well to lead the wholesome (if odd) lives required by their religious faith. They produce no juvenile or adult delinquents, or create any social disorder in any way; but, in the past ten years, they have been prosecuted and persecuted, and their property confiscated, for resisting the welfarism of America's growing welfare-state.

The three horses seized from Valentine Y. Byler near Pittsburgh this month (and sold at auction for a total of \$460) were Belgian work mares — Mr. Byler's principal means of support for himself and family. Mr. Byler feels that it is his responsibility to provide for his own; and he was doing very well until the government took his work animals.

Now, with no means of self-support, Mr. Byler will either take government handouts, or starve

— or, do what many Amish have been doing in recent years: he will migrate to Canada, seeking there the freedom which men once found here, in the land of the free and the home of the brave.

School Aid-S. 1021

On May 25, 1961, the Senate passed the President's aid-to-education Bill (S.1021). The actual vote was 49-34; but all 17 Senators who did not vote went on record. Hence, the roll-call below shows 59 Senators for S.1021; 41, against.

S.1021 provides \$2,550,000,000.00 (2 billion, 550 million) in aid to states for construction, maintenance, and operation of public schools, and for teachers' salaries. It also extends for another three years the program of aid to schools in 'impacted' areas — areas where heavy concentrations of federal activities (generally military) have brought in large numbers of new residents, thus overcrowding local facilities.

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In the roll-call tabulation below, all Senators in favor of this aid to education bill are shown as making a "yea-liberal" vote; all against it, as "nay-conservative."

For a full discussion of the Federal Aid to Education issue, see this *Report*, March 20, 1961; and January 9, 1961.

Unemployment Compensation – H. R. 4806

On March 16, 1961, the Senate passed the Senate version of the Temporary Extension of Unemployment Compensation (H.R. 4806). Ninety-five Senators went on record as favoring the bill; four as opposing it; one, not voting or recording his stand.

A "yea" vote for H.R. 4806 is "liberal"; a "nay" vote against is "conservative."

Roll Call Tabulations

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Is the following tabulations of roll-call votes in the []. S. Senate—(1) the confirmation of the nomination of Jalius C. Holmes as Ambassador to Iran; (2) S.1021, aid to education; and (3) H.R. 4896, unemployment compensation—we have recorded as votes the action of Senators who may not have actually voted on an issue but who either 'announced' or 'paired' to take a stand. "Y" is a "Yes" vote for; "N" is a "Nay" vote against; "NV" is "no rote"

"Yea" vote for; "N" is a "Nay" vote against; "NV" is "no				INDIANA			
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78.00			1 7 1 1	Jack Miller	N	N	Y
ALASKA				KANSAS			
E. L. Bartlett	Y	Y	Y		**		-
Ernest Gruening	Y	Y	Y	Frank Carlson Andrew Schoeppel	NV	Y	Y
ARIZONA				Andrew Schoeppel	NV	74	
Barry Goldwater	NV	N	Y	KENTUCKY			
Carl Hayden	Y	Y	Ŷ	John Sherman Cooper	N	Y	Y
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Thomas Kuchel	N	Y	Y	Edmund S. Muskie	Y	Y	Y
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Gordon Allott	N	N	NV	MARYLAND		S INSA	
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FORIDA Spessard L. Holland	**	2.7	**	Phillip A. Hart Pat McNamara	Y	Y	Y
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Herman E. Talmadge	Ÿ	N	Ÿ	Eugene J. McCarthy	Y	Y	Y
	•	.,	OTT OF THE	MISSISSIPPI			
HAWAII Hiram L. Fong	v	Y	v	James O. Eastland	w	N	W
Oren E. Long	Y	Y	Y	John Stennis	Y	N	Y
Otto II. Living		1		John Stehnis		74	

IDAHO

ILLINOIS

Frank Church

Henry C. Dworshak

Everett M. Dirksen Paul H. Douglas

WHO IS DAN SMOOT?

Dan Smoot was born in Missouri. Reared in Texas, he attended SMU in Dallas, taking BA and MA degrees from that university in 1938 and 1940.

In 1941, he joined the faculty at Harvard as a Teaching Fellow in English, doing graduate work for the degree of Doctor of Philosophy in the field of American Civilization.

In 1942, he took leave of absence from Harvard in order to join the FBI. At the close of the war, he stayed in the FBI, rather than return to Harvard.

He served as an FBI Agent in all parts of the nation, handling all kinds of assignments. But for three and a half years, he worked exclusively on communist investigations in the industrial midwest. For two years following that, he was on FBI headquarters staff in Washington, as an Administrative Assistant to J. Edgar Hoover.

After nine and a half years in the FBI, Smoot resigned to help start the Facts Forum movement in Dallas. As the radio and television commentator for Facts Forum, Smoot, for almost four years spoke to a national audience giving both sides of great controverslal issues.

In July, 1955, he resigned and started his own independent program, in order to give only one side — the side that uses fundamental American principles as a yardstick for measuring all important issues.

If you believe that Dan Smoot is providing effective tools for those who want to think and talk and write on the side of freedom, you can help immensely by subscribing, and encouraging others to subscribe, to The Dan Smoot Report.

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